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EXTRAORDINARY

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Separate paging is given to this Part in order that it may be filed  
as a separate compilation

## LOK SABHA

The following Bill was introduced in Lok Sabha on the 23rd February, 1981:—

BILL No. 21 OF 1981

*A Bill further to amend the Life Insurance Corporation Act, 1956.*

WHEREAS for securing the interests of the Life Insurance Corporation of India and its policy-holders and to control the cost of administration, it is necessary that revision of the terms and conditions of service applicable to the employees and agents of the Corporation should be undertaken expeditiously;

Be it enacted by Parliament in the Thirty-second Year of the Republic of India as follows:—

1. (1) This Act may be called the Life Insurance Corporation (Amendment) Act, 1981.

(2) It shall be deemed to have come into force on the 31st day of January, 1981.

2. In the Life Insurance Corporation Act, 1956 (hereinafter referred to as the principal Act), in section 48,—

(a) in sub-section (2), after clause (c), the following clause shall be inserted and shall be deemed to have been inserted with effect from the 20th day of June, 1979, namely:—

“(cc) the terms and conditions of service of the employees and agents of the Corporation, including those who became

Short  
title and  
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ment.

Amend-  
ment of  
section  
48.

31 of 1956,

**employees and agents of the Corporation on the appointed day under this Act;"**;

(b) after sub-section (2), the following sub-sections shall be inserted, namely:—

"(2A) The regulations and other provisions as in force immediately before the commencement of the Life Insurance Corporation (Amendment) Act, 1981, with respect to the terms and conditions of service of employees and agents of the Corporation including those who became employees and agents of the Corporation on the appointed day under this Act, shall be deemed to be rules made under clause (cc) of sub-section (2) and shall, subject to the other provisions of this section, have effect accordingly.

(2B) The power to make rules conferred by clause (cc) of sub-section (2) shall include—

(i) the power to give retrospective effect to such rules; and

(ii) the power to amend by way of addition, variation or repeal, the regulations and other provisions referred to in sub-section (2A), with retrospective effect,

from a date not earlier than the twentieth day of June, 1979.

(2C) The provisions of clause (cc) of sub-section (2) and sub-section (2B) and any rules made under the said clause (cc) shall have effect, and any such rule made with retrospective effect from any date shall also be deemed to have had effect from that date, notwithstanding any judgment, decree or order of any court, tribunal or other authority and notwithstanding anything contained in the Industrial Disputes Act, 1947 or any other law or any agreement, settlement, award or other instrument for the time being in force."

14 of 1947.

**Amend-  
ment of  
section  
49.**

**3. In section 49 of the principal Act,—**

(a) in sub-section (2),—

(i) in clause (b), the words "and the terms and conditions of service of employees or agents" shall be omitted;

(ii) clause (bb) shall be omitted; and

(b) after sub-section (2), the following sub-section shall be inserted, namely:—

"(3) Every regulation made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation or both Houses agree that the regulation should not be made, the regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so,

however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation."

3 of 1981.

4. (1) The Life Insurance Corporation (Amendment) Ordinance, 1981 is hereby repealed.

Repeal  
and  
saving.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act as amended by the said Ordinance shall be deemed to have been done or taken under the principal Act as amended by this Act.

## STATEMENT OF OBJECTS AND REASONS

In order to control the cost of administration in the interest of the Life Insurance Corporation of India and its policy-holders whose premium income the Corporation holds as a Trustee, it became necessary for Government to vest itself with powers to determine the terms and conditions of service of the employees and agents and streamline the salary structure. Hence the President promulgated on 31st January, 1981, the Life Insurance Corporation (Amendment) Ordinance, 1981 to amend the Life Insurance Corporation Act, 1956 to empower the Central Government to frame rules regarding the terms and conditions of all classes of employees and agents of the Corporation and for matters connected therewith or incidental thereto.

2. The Bill seeks to replace the said Ordinance.

NEW DELHI;

*The 13th February, 1981.*

R. VENKATARAMAN.

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PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE  
CONSTITUTION OF INDIA

[Copy of letter No. 65 (2) Ins. III/4/81, dated the 18th February, 1981 from Shri R. Venkataraman, Minister of Finance to the Secretary, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Life Insurance Corporation (Amendment) Bill, 1981, recommends the consideration of the Bill by Lok Sabha under clause (3) of article 117 of the Constitution.

## FINANCIAL MEMORANDUM

Sub-clause (a) of clause 2 of the Bill seeks to insert a new clause (cc) in sub-section (2) of section 48 of the principal Act to empower the Central Government to make rules relating to the terms and conditions of service of the employees and agents of the Corporation. This work which has hitherto been carried out by the Corporation will result in some additional workload on the Central Government. Even though every effort will be made to manage the additional workload to the extent possible with the existing staff, the possibility of some additional staff becoming necessary cannot be ruled out. Further, some expenditure on stationery, correspondence and other connected matters will be necessary. It is estimated that the additional expenditure to be incurred with regard to all these matters is not likely to exceed Rs. 1 lakh per annum. The quantum and duration for which such expenditure will be required will be assessed in the light of the actual experience. As the intention is to control the cost of administration of the Corporation through the aforesaid rule-making power, the provisions of the Bill may result in some reduction in expenditure on the salaries and allowances of the employees and agents of the Corporation and, as hitherto, the expenditure on salaries and allowances etc. of the employees and agents of the Corporation will be met from out of the funds of the Corporation.

2. The provisions of the Bill do not involve any other expenditure of a recurring or non-recurring nature.

## MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 2 of the Bill seeks to amend section 48 of the principal Act, *inter alia*,—

(a) for empowering the Central Government to make with retrospective effect from a date not earlier than the 20th day of June, 1979, rules with respect to the terms and conditions of service of the employees and agents of the Life Insurance Corporation [*vide* sub-clause (a) of clause 2]; and

(b) for giving over-riding effect to such rules by providing that such rules shall have effect notwithstanding any judgment, decree or order of any court, tribunal or other authority and notwithstanding anything contained in the Industrial Disputes Act, 1947 or any other law or any agreement, settlement, award or other instrument for the time being in force [*vide* new sub-sections (2B) and (2C) as proposed to be inserted by sub-clause (b) of the said clause 2].

Such an over-riding effect is provided so that the rules can prevail over the settlements under the Industrial Disputes Act, 1947 which have been entered into by the Corporation in the past.

2. Matters in respect of which rules may be made under the afore-said provisions pertain to matters of detail. The reason for providing that the rules can be made with retrospective effect and that the rules will have over-riding effect has been explained above. In the circumstances the delegation of the legislative power is of a normal character.

*Memorandum explaining the modification contained in the Bill to replace  
the Life Insurance Corporation (Amendment) Ordinance, 1981*

Subject to a modification, clause 3 of the Life Insurance Corporation (Amendment) Bill, 1981 corresponds to clause 3 of the Life Insurance Corporation (Amendment) Ordinance, 1981 and the modification is for making, in accordance with the recommendations of the Committee on Subordinate Legislation, a provision for the laying of the regulations made by the Corporation before both Houses of Parliament.

AVTAR SINGH RIKHY,  
*Secretary.*

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